



**Health and Human Services Agency
California Office of Health Information Integrity**

POLICY MEMORANDUM

TO: Department Chief Deputy Director
Department HIPAA Coordinators

FROM: CALIFORNIA OFFICE OF HEALTH INFORMATION INTEGRITY (CalOHII)

Title: HIPAA Electronic Funds Transfer (EFT) Interim Final Rule (IFR) with Comment Period	Number: PM 2012-94
Subject: HIPAA EFT IFR	Issue Date: January 30, 2012
Reference(s): <ul style="list-style-type: none">◦ Interim Final Rule w/Comment: Adoption of Standards for Health Care Electronic Funds Transfer (EFT) and Remittance Advice	Expiration Date: N/A

PURPOSE

CalOHII has statutory authority and responsibility to provide leadership, policy formulation, coordination, and direction for HIPAA implementation throughout the State of California. The purpose of this Policy Memorandum is to notify state departments of a new HIPAA standard transaction for Electronic Funds Transfer (EFT). This is a final rule and the compliance date for the EFT standard is January 1, 2014. This rule also contains a 60-day comment period regarding the adoption of the EFT standard. CalOHII is collecting and compiling comments for this IFR and will submit them to Health & Human Services (HHS).

BACKGROUND

Through this Interim Final Rule with Comment Period, Health & Human Services is implementing part of the Affordable Care Act which requires the adoption of a standard for electronic funds transfer (EFT). The IFR describes three stages of transaction flow for an EFT: Stage 1 – Payment Initiation; Stage 2 – Transfer of Funds; and Stage 3 – Deposit Notification. The IFR defines Stage 1 – Payment Initiation as “a health plan’s order, instruction or authorization to its financial institution to make a health care claims payment using an electronic funds transfer (EFT) through the ACH [Automated Clearing House] network.” The IFR

establishes a HIPAA standard for Stage 1 – Payment Initiation, but not Stage 2 or Stage 3.

The standard selected for Stage 1 – Payment Initiation is the National Automated Clearing House Association (NACHA) Corporate Credit of Deposit Entry with Addenda Record (CCD+) Implementation Specifications as defined in the 2011 NACHA Operating Rules and Guidelines. The two portions of the specifications referenced in the standard are the:

- NACHA Operating Rules, Appendix One: ACH File Exchange Specifications
- NACHA Operating Rules, Appendix Three: ACH Record Format Specifications, Subpart 3.1.8 Sequence of Records for CCD Entries.

In addition, the IFR establishes a standard for the CCD Addenda Record. Field 3 Payment Related Information is required to contain the entire Reassociation Trace Number segment from the associated X-12 TRS Health Care Claims Payment/Advice (835).

ACTION

Each HIPAA-covered department that may be impacted by the new EFT standard should review this IFR and if necessary, provide comments to CalOHII. Departments need to complete their review and forward comments to CalOHII by March 2, 2012. CalOHII will consolidate the comments and submit to HHS by March 12, 2012. Impacted departments need to begin planning to comply with this IFR by January 1, 2014.

CONTACT

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